

Advent-AWI Holdings Inc. (formerly Advent Wireless Inc.) “the Company”

Management’s discussion and analysis for the year ended December 31, 2021

Effective date of MD&A – April 28, 2022

Forward-looking statements

Certain statements in the MD&A, other than statements of historical fact, are forward-looking in nature and involve various risks and uncertainties. These risks and uncertainties can include, without limitation, statements concerning possible or assumed future results of operations of the Company preceded by, followed by, or that include words and phrases such as “will,” “believes,” “plans,” “intends,” “expects,” “anticipates,” “estimates” or similar expressions. Forward-looking statements are not a guarantee of future performance. They involve risks, uncertainties and assumptions related to all aspects of the wireless communications industry and the global economy. As a result, the Company’s actual results may differ materially from those anticipated in the forward-looking statements and there can be no assurance that such statements will prove to be accurate.

You should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement (and such risks, uncertainties and other factors) speaks only as of the date on which it was originally made, and the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this document to reflect any change in expectations with regard to those statements or any other change in events, conditions or circumstances on which any such statement is based, except as required by law. New factors emerge from time to time, and it is not possible for the Company to predict which factors will arise or when. In addition, the Company cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Overview

The Company operates in three business segments:

- (1) Wireless through Am-Call Wireless Inc. (Am-Call), a wholly owned subsidiary.
- (2) Micro finance through Adwell Financial Services Inc. (Adwell), a 70% owned subsidiary.
- (3) Digital health through Advent TeleMedicare Ltd. (ATMC), a wholly owned subsidiary.

(1) Wireless business

Products: wireless voice and data, high speed internet, digital cable television, home phone, Smart Home Monitoring and Rogers Bank MasterCard.

Number of stores as at December 31, 2021 – 4 stores (2 Rogers & 2 Fido, all in Ontario)

Number of stores as at December 31, 2020 – 4 stores (2 Rogers & 2 Fido, all in Ontario)

The Company did not open nor close any store during 2021.

The Company did not retrofit any store during 2021.

Economic dependence

For the year ended December 31, 2021, approximately 97% (2020 – 95%) of the Company's revenue was from Rogers Communications Inc., whereas the remaining approximately 3% (2020 – 5%) was generated through the Company's 4 retail stores (2020 – 4) in Ontario.

Account receivables from Rogers – 89% as at December 31, 2021 (88% as at December 31, 2020)

(2) Micro Finance business

In late 2015, the Company received approval from the TSXV (Toronto Stock Exchange Venture) to start a financial service subsidiary that would operate a consumer lending business in the Greater Vancouver area of British Columbia. This new subsidiary, "Adwell Financial Services Inc." ("Adwell"), was incorporated on January 8, 2016. Adwell issued a total of 1,000,000 shares at \$0.0001 per share. The Company subscribed to 70% of the shares issued, with the remaining 30% owned by two minority shareholders, Q&Y Holdings Inc. (15%) and Adwealth Capital Holdings Inc. (15%). The two minority shareholders, both with financial and lending experience, assisted in the start-up and continuing operations of the venture and remain so at time of this MD&A.

The Company has committed to invest up to \$3,375,000 in Adwell, of which \$375,000 is for ongoing operations and the remaining \$3,000,000, in the form of a line of credit, is for advances to customers.

At the time of this MD&A, the Company had invested \$1,740,000 in Adwell, of which \$350,000 was funding for the ongoing operations of Adwell, while \$1,390,000 was funding for Adwell's advances to customers.

(3) Digital Health business

On June 12, 2020, the Company entered into a commercial agreement with Dynosense Corp. (“Dynosense”), a California-based company, pursuant to which the Company, through a wholly owned Hong Kong subsidiary, will sell and distribute certain health products and services (defined and further described below) in Hong Kong and Macau (the Territory) under a licence granted to it by DynoSense. Under the terms of the Commercial Agreement, the Company will pay CAD\$1,000,000 to DynoSense on or before June 30, 2020, half of which constitutes the advance payment for inventory of certain Products. The initial term of the Commercial Agreement will be five years, and may be renewed for an additional five 1-year terms thereafter, subject to certain revenue targets being met at the time of each renewal.

DynoSense has created digital therapeutics which smartly applies clinical data technologies to modify behavior and improve health outcomes for its users. The Products and Services licenced to the Company and the HK Subsidiary are comprised of handheld health scanners which are wirelessly connected with cloud- based artificial intelligence via user-friendly and channel-customized software and mobile applications, which in turn are supported by personalized, care-centric services. The devices monitor certain vital signs and health conditions of the user (e.g., heart rate, blood pressure, blood oxygen saturation levels, respiratory lung analysis, body temperature and body composition) and send the information via the Cloud to the user's medical care professionals who are then able to read and interpret the user's medical information, and from that provide advice and guidance to the user with respect to their medical condition at any given time. The Products and Services licenced to the Company and the Hong Kong Subsidiary include the products and technology described above as well as corresponding IT support services.

It is a term of the Commercial Agreement that in the event the business is successful in the Territory, as reasonably determined by DynoSense, then DynoSense may grant the Company a priority over establishing a separate, but similar, arrangement in Canada for the purpose of conducting a business similar to the business in Hong Kong.

The TSX Venture Exchange accepted the Commercial Agreement on June 26, 2020. Pursuant to the agreement, CAD\$1,000,000 was released to Dynosense on June 30, 2020 and the Company's new digital health business commenced operations in Hong Kong in the second half of 2020.

Declaration of dividend

On May 28, 2021, the Company announced that a special dividend of \$0.05 per common share would be paid on June 24, 2021, to all shareholders of record as

at the close of business on June 10, 2021. This dividend payment was completed as announced.

Covid-19 pandemic

The Covid-19 pandemic, declared by the WHO in March 2020, has shown little sign of going away and continues to significantly impact the Canadian and global economies in 2021, as governments worldwide keep enacting various measures to combat the spread of this virus since its outbreak in the first quarter of 2020.

These measures include the implementation of travel bans, self-imposed quarantine periods, shut down of retail stores and restaurants, a total ban on business meetings, conferences and trade shows and social distancing, all of which have caused material disruption to businesses globally, resulting in an economic downturn throughout 2020 and 2021.

After briefly lifting certain public health restrictions in early 2021, several Canadian provinces, including Ontario and British Columbia, declared a third wave of the Covid-19 pandemic in March and re-implemented those restrictions. In August 2021, Canada entered a fourth wave of Covid-19 and many provinces implemented proof of vaccination requirements to access non-essential businesses and services.

Late in the third quarter, provinces began relaxing certain of these public health restrictions as vaccines became more widely available and vaccination rates increased across the country. However, the arrival of the Omicron variant in late 2021 re-accelerated the spread of Covid-19 and prompted provinces to reintroduce various restrictions again.

At the time of this MD&A, many of these restrictions have once again been lifted as vaccination rates remain high and hospitalization rates low. However, the full extent and impact of Covid-19 is still unknown and it is therefore not possible to predict the overall impact on the Company's operations and financial results in the remainder of the year.

Overall performance

	2021	2020	+/-	%
Wireless revenue	5,036,691	3,512,140	1,524,551	43%
Financing revenue	563,107	635,005	-71,898	-11%
Digital health revenue	13,138	0	13,138	n/a
Total revenue (excluding other & investment income)	5,612,936	4,147,145	1,465,791	35%

The Company's 2021 combined revenue increased by \$1,465,791 or 35% compared to 2020. This increase was comprised of an increase in wireless revenue of \$1,524,551 (43%), a decrease in financing revenue of \$71,898 (11%), and revenue of \$13,138 from the Company's new digital health business in Hong Kong.

In 2021, the Company's wireless business recovered from 2020 and revenue bounced back, ending the year with revenue close to the pre-Covid level of 2019. When Covid-19 first hit in 2020, there was a major shutdown of retail business throughout Canada. The Company's four retail stores were closed on March 17, 2020. Even with the reopening of all four stores in Q3 2020, the business focus was more on providing essential services to keep customers connected, rather than to promote new products and services. Mall traffic was also significantly reduced as the general public heeded government advice to stay home and to venture out only for essential services.

Thanks to the arrival of Covid-19 vaccines and implementation of various public health safety and social distancing guidelines, the economy gradually returned to a certain degree of normalcy in 2021. Canadians seem to have learned how to co-exist with Covid-19, and began to return back to normal economic activities amid the periodic Covid-19 restrictions imposed upon them.

On the Financing side, revenue was negatively affected by Covid-19 as lending transaction volume decreased throughout 2020, especially in Q2 when the entire country was shut down. When businesses gradually reopened later in 2020, the Company decided to be more conservative and tighten up its lending policy in view of the near term economic uncertainty. This conservative lending policy was carried over into 2021, and is reflected in the decrease in financing revenue.

The Company's Digital Health business was in its start-up stage throughout 2021 and reported only a small revenue for the year.

Selected annual consolidated financial information

	Dec-21	Dec-20	Dec-19
Revenue	5,612,936	4,147,145	6,320,662
Income (loss) before income taxes	(761,969)	927,982	1,006,508
Recovery of / (Provision for) income taxes	70,761	(67,730)	(159,414)
Net income (loss)	(691,208)	860,252	847,094
Assets	19,209,983	20,206,813	21,119,787
Liabilities	2,898,399	2,700,415	2,683,314
Basic & diluted earnings (loss) per share	(0.060)	0.069	0.069

Total revenue has been on the decline for the past three years. This is caused by:

- Decrease in total wireless business transaction volume, especially by the Covid-19 pandemic in 2020.
- Decrease in wireless subscriber base which led to a drop in recurring residual revenue.
- Decrease in interest revenue resulting from a smaller Adwell loan portfolio.
- Decrease in fee income resulting from lesser number of loans advanced as a result of Adwell's tightened lending policy.

The addition of the Telemedicare business in 2020 did not contribute much to the overall revenue as the business is still in its infancy stage, and requires more time and effort to generate a meaningful contribution.

Results of operations – Wireless business

Am-Call operated four stores in 2021, two Rogers and two Fido, which is the same number of stores as of a year earlier.

In 2021, Am-Call recorded an income from operations of \$375,368, a 69% decrease over 2020. The decrease was caused by a gain on sale of assets in 2020 which was not repeated in 2021.

In response to the Covid-19 pandemic, the Company's four wireless retail locations were closed on March 17, 2020. Two inline locations were subsequently reopened on May 25, 2020 and the remaining two kiosk locations were also reopened on July 27, 2020. Since reopening, all four stores remain in operations up to the time of this MD&A.

In 2021, Rogers new voice activations and data activations decreased by 6% and 15% respectively, while customer upgrades recorded an increase of 62%. Over at the Fido brand, new activations, data activations and customer upgrades all registered increases of 173%, 167% and 53% respectively. These increases are the result of the increase in mall traffic from the reopening of the Province of Ontario and the easing of restrictive measures in 2021. The two traditional heavy selling periods, the Q3 "back-to school" and the Q4 holiday season, which vanished in 2020 due to the Covid-19 pandemic, returned in 2021 as most schools got back to full in-class learning format, while Canadian continued returning to a festive mood during the December holiday season.

Given the more affordable nature of the Fido brand offerings it is not surprising that the rebound would have been seen on the Fido brand first.

New activations are generally generated from children coming of age, switchers from other service providers, as well as newcomers (immigrants and students) to the country. The Company has a competitive-advantage in gaining new customers with its focus on the Asian ethnic market in which new immigrants and students arrive throughout the year. The Company has concentrated on building

networks and connections in new-immigrant support groups and student associations in order to capture this share of the new business. In 2020, the Covid-19 pandemic disrupted the normal yearly arrival of new immigrants and students from abroad which in turn led to an across the board decrease in the Company's new activation numbers. The situation improved in 2021 as Canada gradually re-opened its borders to international students and travelers.

On the customer upgrade side, customers seem to be holding on to their current devices longer than before, not only because of higher prices, but also because there has not been a significant technological breakthrough in smartphones in recent years. This was even more evident during the pandemic when Canadians were asked to stay home most of the time to mitigate the transmission of the COVID-19 virus, further dampening their desire to upgrade to the latest devices.

Unlike prior years, wireless network carriers do not have exclusivity to new phone models and all major carriers now have the same products in their lineup. Launch of new phones used to be a highly anticipated event among phone followers, and retaining early adopters, who are usually the most loyal customers, is key. The part of the CRTC Wireless Code which came into effect in Q4 2017 mandated that Canadian carriers sell hardware unlocked and also to unlock customers' phones upon request; both of these mandates further encourage customers to shop around when their existing contracts expire, instead of automatically rolling over their contracts and upgrading to new hardware with their existing carrier.

Another reason for the decrease in transaction volumes is the incumbent carriers' focus on higher average revenue per user (ARPU) customers. This is especially true for the Rogers brand, which did not help the Company gain transaction volumes. For the Company, which leans heavily on the more price sensitive consumer segment of the market, both new and upgrade transactions were adversely affected by the higher tier monthly service fee plans that customers had to sign up for in order to get their desired hardware.

Combining the results of both Rogers and Fido brands, total new voice and data activations were up by 96% and 92%, while customer upgrades were up by 60%. These increases are reflected in Am-Call's revenue streams:

In 2021, Am-Call's phone hardware sales increased by 49%, as the number of phones sold also increased by 46%, from 2,303 in 2020 to 3,363. The cost of smartphones is much higher now (more than \$1,000 each) and consequently a change in the volume of hardware sales has a higher impact on the Company's revenue. On the Fido side, the high percentage of BYOD (Bring Your Own Device) activations do not generate additional revenue. Although this does not necessarily mean less profitability, it does depress hardware sales and hence overall wireless revenue.

New activation commissions and customer upgrade commissions increased by 126% and 113%, respectively, while residual commissions recorded a small decrease over a year ago.

Bonus commissions decreased by 60% in 2021, when compared to that of 2020. Bonus payout is based on an array of target metrics determined at the Carrier's discretion and is therefore not guaranteed. The Carrier also changed the compensation structure in 2021 by increasing transactional compensations while decreasing bonus target commissions, resulting in bonus commissions revenue to drop further. This new structure is expected to continue into 2022.

Rogers and Fido Bank (Mastercard) commissions increased by 32%, as these are mostly an add-on sale item that was boosted by the increase in customer traffic and transaction volume in 2021.

In the past few years, the Company has been focusing on non-wireless products such as Mastercard in order to mitigate the impact of the decrease in wireless transaction volume. This product is usually sold in stores as an add-on product when customers perform their wireless transactions. It is a highly competitive product and signup incentives are crucial in attracting new customers. Selling Mastercard remains the focus of the Company in 2021 and beyond.

Cable and other commissions increased by 60% over 2020, confirming that keeping connected via internet and TV-entertainment are indeed very important revenue streams during this pandemic. With the phasing out of legacy TV and the introduction of Internet TV and concepts such as Rogers' Ignite TV, which offers seamless integration with apps such as Netflix and YouTube, sales of this sector is expected to improve in the future.

On the new technology front, the arrival of 5G will change the telecommunication landscape of Canada. 5G networks offer faster download, lower latency and better connectivity/performance on more devices including smart cars, home appliances and remote medical devices as part of what is now called the internet of things (IoT). Major Canadian carriers are all developing their own 5G networks. At the time of this MD&A, Rogers has already rolled out its 5G network in Toronto, Vancouver, Montreal and Ottawa, and other Canadian carriers are expected to follow. The Company looks forward to bringing this transformative technology, with its potential to change every aspect of daily lives, to our customers.

Subscriber base:

December 31, 2021 – 24,341
December 31, 2020 – 24,834
Decrease of 493 or -2%

As at December 31, 2021, the Company had 24,341 subscribers, representing the subscriber base attached to the four locations (two Rogers and two Fido) of the Company wireless business.

The net decrease in subscriber base of 493 is the result of a year to year decrease in the Rogers subscriber base of 1,351 and an increase in the Fido subscriber base of 858. This is consistent with past years with Rogers being a premium brand and Fido being a value brand and volume driver.

In order to maintain its subscriber base, the Company needs to keep adding new customers, while at the same time trying to prevent them from leaving. The key to executing this strategy is to give customers good reasons to sign up and stay with Rogers, instead of migrating to the competition. Given this, the “why Rogers” and the Rogers “value propositions” continue to remain front and centre in all the Company’s messaging.

It is important to retain the subscriber base because the Company receives residual income on each subscriber every month. This gives the Company a continuing steady flow of income.

Results of operations – Micro Financing business

In 2021, Adwell’s revenue recorded a decrease of \$71,898 or 11% over 2020.

	2021	2020	+/-	%
Financing revenue	563,107	635,005	-71,898	-11%

Throughout the year, Adwell’s main business continued to comprise of unsecured personal short-term instalment loans to individuals in amounts ranging from \$1,000 to \$7,500, with 9 to 36-month flexible repayment terms and no early repayment penalties. These loans require guarantor(s) and are alternatives to payday loans, which are usually more expensive and stressful for consumers. With more flexible repayment terms and its expertise in customer service, Adwell aims to reduce customers’ stress and help rebuild their financial wellness.

Adwell’s main income is interest generated from these instalment loans. In 2021, Adwell sold a total of 570 instalment loans to customers, vs 553 in 2020, a 3% increase.

Even with the increase, Adwell management continued to adopt a conservative approach to personal lending during this uncertain time because many of these customers work in industries most affected by the economic slowdown brought on by the pandemic, including restaurants, retail shops, hotels and homes for seniors.

Besides unsecured personal loans, Adwell has been expanding its business by adding other loan products to its portfolio; and in 2021 also offered the following types of loans:

- Secured loans - this product is similar to Adwell's existing micro loan offering but is secured by real property. The product particularly targets homeowners who have a stable working income and need short-term financing.
- Syndication loans - these are generally larger mortgage loans that are also secured by real properties. In undertaking such projects, Adwell intends to act as syndication leader and select qualified partners to invest in the product. This arrangement allows Adwell to enter the mortgage loan market, while spreading its default risk.
- Pay-day loans - This is a loan product offered to customers who have a regular income but cannot find guarantor(s) to qualify for Adwell's lower interest personal instalment loan. Pay-day loans are smaller in amount, but generate higher fees, and have become more and more popular in the BC market where Adwell operates.

The table below shows the income and expenses breakdown of the Company's financing business in 2021 and 2020:

	2021	2020	+/-	%
Interest income	487,068	558,828	-71,760	-13%
Fee income/Other income	76,039	76,177	-138	0%
Interest cost	38,595	68,223	-29,628	-43%
General & administration	371,820	356,289	15,531	4%
Advertising & promotion	0	150	-150	-100%
Amortization of property, plant & equipment	3,443	3,367	76	2%
Provision for loan loss	17,589	60,171	-42,582	-71%
Income from operations	131,660	146,805	-15,145	-10%
Gain (loss) on sale of assets	0	0	0	n/a
Income before income taxes	131,660	146,805	-15,145	-10%

In 2021, Adwell recorded an income from operations of \$131,660, a 10% decrease over 2020. The decrease was caused by a reduction in interest income of 13% from a smaller loan portfolio than last year. This decrease in interest income was mitigated by the same level of fee and other income for the year, as well as a 71% reduction in the amount of provision for loan loss in 2021.

The reduction in the size of its loan portfolio also caused Adwell's line of credit to drop correspondingly, resulting in a decrease in interest payments by 43% compared with the same period of last year.

Starting in 2020, Adwell decided to calculate its loan loss provision based on actual loan loss experience instead of the fixed percentage method that it has been using since 2017. This new calculation method resulted in a higher than

normal increase in loan loss provisions in 2020, which Adwell thinks is prudent, especially in light of the Covid-19 pandemic. Adwell reviews and makes adjustments to this provision on a quarterly basis.

Results of operations – Digital Health business

The new Digital Health business reported a loss from operations of \$1,239,440 for the year. A small revenue of \$13,138 was reported for the new subsidiary which was still in the process of preparing for a commercial launch.

In order to address privacy concerns raised by a number of potential customers, ATMC (Advent TeleMedicare Ltd.) decided to set up a “local cloud” in Hong Kong instead of hosting customer information overseas. This technical “local cloud” solution was completed and successfully tested during the third quarter of 2021.

Resolution of the privacy concerns has permitted ATMC to launch commercial pilot projects, and to successfully enter into Memorandums of Understanding (MOUs) to supply remote patient monitoring packages to a few high-profile customers. These include the patient care division of a major hospital group as well as the senior-care division of a well-known charity group in Hong Kong.

Strategy-wise, ATMC continues to focus on the formation of “a new-generation medicare-ecosystem”. To execute this mission, ATMC management established cooperative ventures with two synergistic ecosystem partners, an industry leader in providing senior-care services and an IT infrastructure-architect firm focused on smart-city initiatives.

Gross profit margin

2021 - 44%

2020 - 51%

Gross profit margin for the year is 44%, compared to 51% in 2020.

Hardware revenue has been trending downwards in the past few years as the Company has focused more on non-margin-based products such as cable (internet/TV), Mastercard and phone hardware insurance.

The following factors could have an impact on profit margins:

- New activation commissions and upgrade commission can be changed at short notice, depending on carrier priorities and focus.
- Dealer bonus commission targets and achievement metrics vary quarter to quarter and may be favourable or unfavourable to the Company.

- Residual commission is a steady source of income, but it is becoming more and more challenging to retain customers amid heavy competition and the government's objective of increasing competition in the future.
- Commissions generated from Cable, Rogers Mastercard and hardware device insurance are now important revenue sources to make up the loss in wireless commission due to loss of volume.
- Loan interest income is affected by interest rate trends and the number of loans advanced.

In short, the Company must adapt and adjust quickly to the ever-changing environment in which it operates in order to maximize opportunities to generate revenue.

2021 General and administration expenses - \$2,987,014

2020 General and administration expenses - \$2,547,001

Increase of \$440,013, or 17%

In 2021, there was an overall increase in the wireless business transactions which resulted in an increase in payroll expenses such as salaries and commissions, as well as general office and professional expenses. In addition, the Company received less government payroll subsidy, designed to assist Canadian businesses to weather the Covid-19 pandemic in 2021, as the program was being phased out in the 4th quarter of the year.

The new digital health business in Hong Kong, which started operations in the second half of 2020, incurred a full year of expenses in 2021, causing G&A expenses to increase further in 2021.

2021 Advertisement and promotion expenses - \$38,204

2020 Advertisement and promotion expenses - \$70,052

Decrease of \$31,848, or 45%

The Company's Wireless business has been doing less branding advertisement on its own as carriers are now more inclined to centralize branding within their own marketing departments. The Company is very active in the ethnic market and considers it important to maintain its own identity and presence in the communities it serves. It will continue to advertise and promote in ethnic media channels as appropriate. The Company's advertising and promotion is now more tactical in nature and will hopefully yield faster results.

Another initiative the Company has increasingly deployed is the use of promotion bill credits, which dealers can obtain at a discount to reduce the overall cost for customers. This initiative can be very effective for short term "hit & run" type promotions as competitors will have difficulty matching it.

In addition to receiving co-op subsidy from Rogers on advertising and promotion activities, the Company also receives marketing funds from Rogers throughout the year, thus further reducing its overall advertising and promotion costs. However, the availability of these funds depends very much on Rogers' budget and the timing of promotions and these reductions may therefore not be repeated in the future.

The Company does not anticipate that Adwell will be a heavy user of advertisements and promotions because its customers are mostly attracted to Adwell via referrals.

The new Telemedicare business did not incur much advertising and promotion expenses in 2021 as its marketing efforts are mainly done through business contacts and referrals within the Hong Kong medical care circle. The business did not launch any mass commercial campaign in 2021.

2021 Depreciation - Right-of-use assets - \$175,971

2020 Depreciation - Right-of-use assets - \$174,230

Increase of \$1,741 or 1%

Commencing January 1, 2019, as a result of the Company adopting *International Financial Reporting Standard 16, Leases*, certain leases that used to be operating leases are now capitalized as right-of-use-assets, which are depreciated over their respective terms. The Company has seven leases under this classification, with expiry dates ranging from 2023 to 2024.

The increase is due to the renewal of one lease and the signing of a new lease during the year.

2021 Amortization of property and equipment - \$32,743

2020 Amortization of property and equipment - \$44,177

Decrease of \$11,434, or 26%

The decrease is the result of leasehold improvement fully written off on three of the leases which expired in 2020 and since renewed.

2021 Amortization of investment properties - \$35,892

2020 Amortization of investment properties - \$36,400

Decrease of \$508 or 1%

The number of investment properties remained the same in 2021.

2021 Rental income - \$71,805

2020 Rental income - \$77,162

Decrease of \$5,357 or 7%

The Company continues to receive rental income from its two investment properties. The tenants were able to maintain their rent payments by taking advantage of government rent subsidy programs during the pandemic.

2021 Gain on sale of assets - \$0

2020 Gain on sale of assets - \$1,483,121

The Company did not sell any investment property in 2021.

2021 loss before income taxes - (\$761,969)

2020 income before income taxes - \$927,982

Decrease of \$1,689,951 or 182%

2021 net loss after taxes - (\$691,208)

2020 net income after taxes - \$860,252

2021 net income attributable to non-controlling interest - \$28,268

2020 net income attributable to non-controlling interest - \$32,345

2021 LPS - (\$0.060)

2020 EPS - \$0.069

Summary of consolidated quarterly results

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Wireless revenue	750,824	332,307	1,069,803	1,359,206	860,692	800,965	1,380,997	1,994,037
Financing revenue	199,394	156,008	142,166	137,437	131,443	136,374	136,982	158,308
Digital Health revenue	0	0	0	0	2,285	0	4,095	6,758
Gross margin	55%	72%	47%	42%	46%	56%	48%	45%
Net income (loss) before income taxes	1,448,537	(80,606)	(50,082)	(389,867)	(197,671)	(205,647)	23,300	(381,951)
Basic and diluted earnings (loss) per share	0.088	(0.006)	(0.004)	(0.033)	(0.012)	(0.012)	0.001	(0.036)

The general trend in retail sales in Canada is that Q1 revenue is normally the lowest, then gradually moving up in Q2 and Q3, and finally peaking in Q4. The Company generally followed this trend in 2019.

This trend was disrupted in 2020 with the arrival of Covid-19 in Q1. The Company's Wireless business was hit the hardest in Q2, as all of its retail locations were closed and Canada was in lock down mode for pretty much that entire quarter. Wireless revenue rebounded in Q3 and Q4 when total lockdown

was lifted and essential services like telecommunications were allowed to open with restrictions.

With the gradual reopening of the Province in 2021 wireless revenue returned to follow the general trend, but was again interrupted in Q2 by the more severe restrictions imposed by the Province of Ontario with the arrival of the third wave of the pandemic.

Financing revenue, on the other hand, trended downwards in 2020 as the numbers of new loans dropped throughout the year. Loan activities leveled off in 2021 and started to pick up again towards the end of the year, when Adwell began to be more active in the market as economic activities picked up in the Province of British Columbia.

Besides the impact of the Covid-19 pandemic, there are other factors that can affect the Company's overall sales and revenue, including:

The focus on transactions ARPU and ARPA that might have favoured some dealers, has not been favourable for the Company's business, which leans heavily towards the consumer segment of the market and is inherently price sensitive. Management has seen Rogers discounting more heavily during the end of each quarter when volume targets must be met.

The launch of new hardware such as marquee phones including Apple, Samsung and Google models helps generate more business, especially in customer upgrades. However, the timing and availability of these products are outside the Company's control, and thus difficult to predict.

Carrier promotions directly affect the Company's business. The Canadian telecommunications market is highly competitive, with carriers fighting hard to retain customers and to attract customers from competitors, especially towards the end of each quarter.

BYOD (bring your own device) has become more and more prevalent in the Company's business and continues to depress phone sales revenue. As discussed in previous MD&As, Rogers encourages customers to utilize their existing devices on sharing plans. While this is an excellent tactic to reduce churn, it does not generate hardware revenue. Additionally, we have observed that with this tactic consumers use their smartphones for longer periods; while smartphones are getting more expensive, they do not offer any ground-breaking technology in the new devices.

Smartphones are becoming more and more expensive with many models costing over \$1,500. This would normally alleviate the downward pressure on revenue caused by BYOD but, as explained in previous MD&As, will not necessarily affect the bottom line in the Company's business as the margin on hardware revenue is

nominal. Rogers is trying to entice BYOD customers to convert to a new phone by introducing more affordable models in its hardware lineup. In order to entice customers into new phones, devices are now mostly financed by the carrier over 24 months at no interest. This will help generate more hardware revenue.

The Company's micro financing business represents a new revenue source and has shown steady contribution to sales since its inception. Its revenue represented 10% of the total revenue of the Company in 2021 (15% in 2020). As mentioned earlier in this MD&A, the Company has committed up to \$3,000,000 to finance this venture.

The new Digital Health business is one of the world's fastest growing business segments. Covid-19 has accelerated its development and acceptance in the marketplace. The Company is now well positioned to leverage this business and hopes to post incremental revenue from this new business segment.

Fourth Quarter discussion

Building on the momentum of Q3, the Company's business activities continued to improve in Q4, ending the year 2021 on a strong note.

Carriers are gradually getting back to "sales" mode, and the launching of new phones such as the Apple iPhone 13 and the Samsung S22 models that help generate enthusiasm in the marketplace, especially for customers whose purchases are driven by the latest and best devices.

In Q4 2021, FIDO's new voice and data activations increased by 193% and 169% respectively over Q4 2020, while customer upgrades increased by 19%. Whereas on the Rogers' side, new voice and data activations decreased by 26% and 28% respectively, while customer upgrades increased by 89% over 2020. These increases are the result of the increase in mall traffic from the reopening of the Province and easing of restrictive measures in Q4 2021. Additionally, the traditional Q4 holiday buying season, which was non-existent in Q4 2020, rebounded in 2021 as people gradually returned to the festive Christmas spirit. Given the more affordable nature of Fido's offerings it is not surprising that the rebound was first seen on the Fido side of the business.

Combining the results of Rogers and FIDO, total new voice and data activations were up by 114% and 104% in this quarter, while customer upgrades were up by 61%. These increases were reflected in the Company's revenue streams as follows:

Phones sales, new activation commission and customer upgrade commissions all increased in Q4 2021 by 47%, 188% and 158% respectively. Rogers Bank and Cable commission also recorded quarterly increases of 48% and 15%. Although there were decreases in residual commission of 15% and bonus

commission of 98%, total wireless revenue increased by 47% in Q4 2021 over Q4 2020.

In Q4, Adwell generated \$158,308 in financing revenue, which is a 15% increase over Q4 2020. With interest income holding steady, the increase was resulted from an increase in fees and other income in the quarter.

Together with a decrease in the provision for loan loss, Adwell recorded an income from operations of \$16,084, compared to a loss of \$55,784 a year earlier.

	Q4 2021	Q4 2020	+/-	%
Interest income	121,060	121,897	-837	-1%
Fee income/Other income	37,248	15,540	21,708	140%
Total income	158,308	137,437	20,871	15%
General & administration (including interest cost & provision for loan loss)	141,307	192,229	-50,922	-26%
Advertising and promotion	0	150	-150	n/a
Amortization of property, plant & equipment	917	842	75	9%
Income (loss) from operations	16,084	-55,784	71,868	-129%

Liquidity

Cash and cash equivalents & short-term investments as at December 31, 2021 - \$13,238,910

Cash and cash equivalents & short-term investments as at December 31, 2020 - \$14,060,683

Decrease of \$821,773 or 6%

Working capital as at December 31, 2021 - \$13,812,532

Working capital as at December 31, 2020 - \$14,741,313

Decrease of \$928,781 or 6%

During the past year, the Company used internally available cash to fund its dividend payment as well as the investment in and ongoing funding of both Adwell and the new Hong Kong digital health venture. These payments did not have any major impact on the operating cash flows of the Company.

The company's liquidity has always been generated from the Company's ongoing operations. The bank line of credit, which was for standby purpose and not used, was cancelled when the Company sold the property used as collateral in January 2020.

Summary of contractual obligations

Wireless business

Number of leases at December 31, 2021 - 5 (December 31, 2020 - 5)

Future minimum operating lease commitments of the wireless business are as follows:

2022	\$160,147
2023	\$107,409
2024	\$0
Total	\$267,555

Micro Finance business

Adwell renewed its office lease during 2021 through to 2024. Its future minimum operating lease commitment is as follows:

2022	\$26,070
2023	\$26,070
2024	\$23,898
Total	\$76,038

Digital Health business

ATMC signed a new one year lease for office space in Hong Kong. Its future minimum operating lease commitment is as follows:

2022	\$53,968
2023	\$14,202
2024	\$0
Total	\$68,170

In sum, total future minimum operating lease commitments of the Company as at December 31, 2021 are as follows:

2022	\$240,185
2023	\$147,681
2024	\$23,897
Total	\$411,763

Capital resources

The Company used to maintain a \$250,000 line of credit which was cancelled in January 2020 when the Company sold the property used to secure it.

Off balance sheet arrangements

The Company has two investment properties in its portfolio, one each in Ontario and British Columbia.

The Ontario property (Horizon Centre) has been leased since 2009. This commercial condominium unit was originally intended for use as a store for the Company's wireless business, but management later decided that the location was not suitable for selling wireless products. The lease from the last renewal expired on December 31, 2020. Although no further extension was signed upon lease expiry, the tenant has continued to occupy the property on a month to month basis. Both parties agreed to finalize a formal renewal once the pandemic is under control, but had not yet done so at time of this MD&A. The Company has no intention to open a store at that location in the immediate future and will keep the asset as an investment property.

The B.C. property (Aberdeen Square) was also originally intended for the Company's B.C. wireless business but since that business was sold it was turned into an investment property. This property has two units, both leased with expiry dates of December 15, 2023 and December 31, 2026, respectively.

As at December 31, 2021, these two properties were classified on the consolidated statement of financial position as investment properties. Total rent received was \$71,805 in 2021 (2020 - \$77,162). The combined market value of these properties is estimated to be \$1,351,765 as at December 31, 2021 (December 31, 2020 - \$1,376,952). The rental income on these investment properties has been presented as rental income on the consolidated statement of income and comprehensive income.

It is the Company's intention to sell these properties at a reasonable rate of return as and when decided by management.

Transactions with related parties

Salaries and fees paid to the Company's directors and executive officers in 2021 were \$1,021,344 (2020 - \$729,500).

Proposed transactions

The Company's ongoing investment in both Adwell and ATMC continues in 2021.

Outstanding share data

There were 11,935,513 common shares issued and outstanding as at December 31, 2021 (December 31, 2020 – 11,935,513 shares). The number of common shares remains unchanged as at the date of this MD&A.

The Company issued no stock option during 2021 and there was no stock option outstanding as at December 31, 2021.

Changes in accounting policies

New accounting pronouncement

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the International Accounting Standards Board issued Classification of Liabilities as Current or Non-current, which amended IAS 1 Presentation of Financial statements. The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company.

IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the International Accounting Standards Board issued Definition of Accounting Estimates, which amends IAS 8. The amendment will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

IAS 12 Income Taxes (Amendment)

In May 2021, the International Accounting Standards Board issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes. The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

Critical accounting estimates

The preparation of the consolidated financial statements requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Management's estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis.

Impairment of non-financial assets

The determination of long-lived asset impairment requires significant estimates and assumptions to determine the recoverable amount of a cash generating unit ("CGU"), the recoverable amount is the higher of fair value less costs to sell and value in use. The value in use method involves estimating the net present value of future cash flows derived from the use of the CGU, discounted at an appropriate rate.

In the event an impairment analysis is required, the key assumptions that would be utilized in the determination of future cash flows would represent management's best estimate of the range of economic conditions relating to the CGU, and would be based on historical experience, economic trends and communication with other key stakeholders of the Company. These key assumptions would include the revenue growth rate, margin as a percentage of revenues, capital expenditures, the inflation growth rate and the discount rate. Significant changes in the key assumptions used in the determination of future cash flows could result in an impairment loss or reversal of a previously recognized impairment loss.

Income taxes

Deferred income tax assets and liabilities are due to temporary differences between the carrying amount for accounting purposes and the tax basis of certain assets and liabilities, as well as un-deducted tax losses. Estimation is required for the timing of the reversal of these temporary differences and the tax rate applied. The carrying amounts of assets and liabilities are based on amounts recorded in the condensed interim consolidated financial statements and are subject to the accounting estimates inherent in those balances. The tax basis of assets and liabilities and the amount of un-deducted tax losses are based on the applicable income tax legislation, regulations and interpretations.

The timing of the reversal of the temporary differences and the timing of deduction of tax losses are based on estimations of the Company's future financial results.

Changes in the expected operating results, enacted tax rates, legislation or regulations, and the Company's interpretations of income tax legislation, will result in adjustments to the expectations of future timing difference reversals, and may require material deferred tax adjustments.

Significant judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is set out below.

Estimated useful lives of non-financial assets

Judgment is used to estimate each component of an asset's useful life and is based on an analysis of factors including, but not limited to, the expected use of the asset. If the estimated useful lives change, this could result in an increase or decrease in the annual amortization expense and future impairment charges.

Gross versus net revenue recognition

The Company follows the guidance set out in IFRS 15, Revenue from Contracts with Customers, in determining the presentation of revenue and cost of sales. The guidance requires the Company to assess whether it acts as a principal in a transaction or as an agent acting on behalf of others. To the extent that revenue is earned through the sale of hardware and accessories to customers, the Company has determined that these amounts should be reported on a gross basis in the consolidated statement of income and comprehensive income as the Company is exposed to the risks and rewards before and after the associated transaction, including inventory and pricing risk.

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Disclosure controls and procedures and internal controls over financial reporting

On November 23, 2007, the British Columbia Securities Commission and the securities commissions in the other jurisdictions in which the Company is registered, exempted venture issuers from certifying disclosure controls and procedures as well as internal controls over financial reporting as at December 31, 2007, and thereafter. Since the Company is a venture issuer it is now required to file basic certificates, which it has done for the year ended December 31, 2021. The Company makes no assessment relating to the establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at December 31, 2021.

Financial instruments

The Company did not use derivative financial instruments such as swaps, futures or hedging contracts in 2021. The Company has no plans to use any of these in the foreseeable future.

Risk factors

The impact of Covid-19 is being felt by businesses throughout North America and the world. The pandemic has significantly impacted the retail sector in which the Company operates. The Company's management realizes it has now to deal with a broad range of interrelated issues and risks that include a new operating paradigm encompassing the safety of employees and customers, including the redesign of stores to accommodate social distancing requirements, to incorporate contactless transactions and online operations and identifying a myriad of complicated government support programs, while simultaneously preserving cash and liquidity.

Perhaps the most difficult issue for the Company is not being able to identify either the pandemic's duration or what the full impact of the Covid-19 will be on the Company's business model and its customers. Identifying risk factors in this environment, much less developing operating plans to mitigate the risks while maintaining profitability, will be challenging. As a recent Harvard University report titled "The Pandemic Is Rewriting the Rules of Retail," pointed out "Retailers have to make sure their sites are mobile-responsive, offer integrated services such as "buy online pick up in store" (BOPIS), and deliver a consistent, reliable digital experience across devices and channels."

There is no specific guidance available as to what post Covid-19 retail environment might look like as the Canadian economy emerges from the various restrictions that are now in effect. This lack of guidance is reflected in the following quotation from [JAMA \(Journal of American Medical Association\)](#) that illuminates some of the serious obstacles facing Company management's business planning:

Canada remains vulnerable in several areas. Children younger than 12 years are not yet eligible for vaccination and could be a potential source of outbreaks in the fall, and governments have done little to expand relatively limited ICU capacity so far. The next year will see Canada addressing new challenges that will require some difficult government decisions and individual choices, including implementing vaccine mandates, vaccine "passports," and the upcoming campaign to vaccinate children. Canada's significant access to and uptake of vaccines will most likely help lessen the effects of a fourth or subsequent waves of COVID-19, but disparate interprovincial public health policies and limited critical care capacity continue to pose challenges.

The risks inherent in the Company's business planning for the future include:

- Never in Canadian business history have retail stores operated with two-meter distancing regulations and limits on how many customers can enter a store at the same time and implementing end to end contactless transactions. While the COVIDO pandemic seems now to be under control, the discovery of new Omicron variants may trigger yet another pandemic wave. Will customers once again stand in line to enter a retail store? Were this wave to materialize, would it accelerate the transition away from retail stores?
- Given the unemployment that still persists in the Canadian economy and the permanent loss of some jobs, will customers want to spend money on the Company's products?
- 5G was supposed to position Canada as a world leader in the Telecom industry and was part of the Company's plan for generating future revenue streams. How might Rogers, our prime-vendor, reorient its 5G business plans going forward? Especially given the global supply chain driven shortages of high-density chips required for 5G products. The CEO of Intel predicts 5G chip shortages may stretch through 2023. If correct this forecast will have a material impact on the Company's business.
- The shortage of chips and other specialty items in 5G products now face additional shortages due to the Ukraine/Russia war and related business sanctions. The consequences of these developments for the Company's business are difficult if not impossible for Management to predict but bear illumination in this MD&A.
- Will there be additional help for small/medium businesses from the government if the Covid-19 impact, including the effect of variants and breakthrough infections continues in 2022? Will the Federal and Provincial governments continue to assist retail merchants to transition their business to an online-centric business model? Will they offer any assistance at all for disruptions caused by the Ukraine/Russia war?
- Last but not least are the relatively new business threats from the geopolitical fault-lines resulting from the United States/China stand-off, especially the threat from a further contraction in the delivery of advanced computer chips required for devices at the heart of all of the Company's hardware including handsets and remote medical measurement and analysis technologies.

In the face of these multiple business threats due to Covid-19 crisis and the Ukraine/Russia war, the Company will have to act quickly to optimize its resilience, rebalancing for risk and liquidity, while assessing opportunities for growth coming out of the downturn. Immediate action will be needed to address short-term liquidity challenges, but also to generate funding to invest in new opportunities. Management intends to keep in close touch with its service provider, Rogers Communications Inc., to help it quantify these and other risk

factors and to become knowledgeable in the best-practices that will surely emerge to help companies survive and grow in the new business environment.

The Company's operating results also are subject to seasonal fluctuations that materially impact quarter-to-quarter operating results, and thus one quarter's operating results are not necessarily indicative of the Company's future performance.

Economic dependence on Rogers is one of the risk factors. The Company is in an industry in which Carriers pay the dealer commissions to bring in new customers and service existing customers. It is also part of an industry in which hardware (mainly wireless handsets) is heavily financed by the Carrier. Phones are sold to consumers with zero upfront payment and dealers are reimbursed through a back-end hardware subsidy from the Carrier. A good example is the Apple iPhone and other Android Smartphones, where the phone may cost dealers as high as \$2,000+ each.

For the year ended December 31, 2021, approximately 97% (2020 - 95%) of the Company's revenue was from Rogers Communications Inc., whereas the remaining approximately 3% (2020 - 5%) was generated through the Company's four retail stores in Ontario.

Account receivable from Rogers was 89% as at December 31, 2021 (88% as at December 31, 2020)

Management has decided that no provision for bad debt is required on Rogers' receivables due to past collection experience and Rogers' good credit quality. This economic dependence on Rogers is going to continue in the future, albeit diminished as a result of the drop in the number of stores, as well as the growing contribution from the Micro Finance and Digital Health businesses.

Canadian wireless companies could face increased competitive pressure because of recent legal changes to foreign ownership of telecommunications companies and control of the wireless licences. In other words, giants such as Verizon in the U.S. and others could enter the Canadian market either by acquiring wireless licences or smaller companies that hold such licences. Foreign carriers could also acquire smaller Canadian companies with less than 10% of the spectrum and thereby gain this spectrum and launch fierce competition against Canadian companies such as Rogers.

A new risk factor emerged when the previous federal government decided to further open the Canadian telecommunication services industry to foreign investors by easing foreign ownership rules. Whether and by how much this will change under the ongoing Liberal government of Prime Minister Justin Trudeau remains to be seen at the time of this MD&A.

Spectrum fees (to cover the government's costs of processing applications and regulating use of the spectrum) may increase with the renewal of cellular and PCS spectrum licences, although the timing of fee increases (if any) is unknown.

The media has continued to publish reports based on studies that claim alleged links between radio frequency emissions from wireless handsets and health issues; continued media reporting may discourage the use of wireless handsets. Alternatively, authorities could impose more restrictive standards on radio frequency emissions from low powered devices, such as wireless handsets.

A continuing risk factor is the increasing competitiveness of Rogers' three main rivals, Bell Canada, TELUS and Shaw, who have their own networks. They continue to mount an aggressive marketing campaign. Concurrently, new and smaller entrants continue to increase their share of the market in both the voice and data markets. Risk factors also include technological change driven by product obsolescence, intense competition in the wireless telecommunications industry and changes in the regulatory environment.

Management is aware of new risks beyond those arising from the Covid-19 pandemic and the Ukraine/Russia war that have become evident in the last one to two years. These include the Cloud, which offers new opportunities but also a heightened level of risk. Cyber intrusions from malevolent actors have begun to enter the wireless domain, presenting another spectrum of threats. On the opportunity side, the IoT in which the Internet will be used to get information and to control, for example, household items such as refrigerators, burglar alarms and home climate controls through wireless handsets, will open up additional risks.

Management reviews all these risk factors regularly and discusses strategies to deal with them as they arise. The Company depends heavily on its service provider, Rogers, to provide innovative and competitive products and services to the marketplace. Indications are that Rogers is not only aware of this but is continuously innovating to stay ahead of its competition.

Microfinancing business

Credit risk is the risk of loss that arises when a customer fails to pay an amount owing to Adwell. Credit quality of the customer is assessed based on a number of proprietary credit models, and individual credit limits are defined in accordance with this assessment and other factors including the ability of the customer to comfortably afford the periodic loan payments. The linear approval flows I ensure a high-quality loan application process. After evaluating the client's information, Adwell makes a decision on the loan terms for each applicant, these include the maximum loan principal that the applicant may borrow.

Adwell will continue to develop underwriting models based on the historical

performance of groups of customer loans, which guide its lending decisions. As Adwell has grown, management began recording a provision for loan loss on its books beginning in Q1 2017; this now is also based on historical loss experience in line with general industry practice. Adwell has been reviewing and adjusting this provision quarterly since.

Adwell takes reasonable measures to ensure compliance with governing statutes, regulations and regulatory policies. A failure to comply with such statutes, regulations or regulatory policies could result in sanctions, fines or other settlements that could adversely affect both its earnings and reputation. Changes to laws, statutes, regulations or regulatory policies could also change the economics of Adwell's merchandise leasing and consumer lending businesses. Numerous consumer protection laws and related regulations impose substantial requirements upon lenders involved in consumer finance, including leasing and lending. Also, federal and provincial laws impose restrictions on consumer transactions and require contract disclosures relating to the cost of borrowing and other matters. These requirements impose specific statutory liabilities upon creditors who fail to comply with their provisions. The Criminal Code of Canada, however, imposes a restriction on the cost of borrowing in any lending transaction to 60% per year. The application of capital requirements or a reduction in the maximum cost of borrowing could have a material adverse effect on Adwell's financial condition, liquidity and results of operations.

Adwell is subject to various privacy, information security and data protection laws and takes reasonable measures to ensure compliance with all such requirements. Legislators and regulators have increasingly adopted new privacy information security and data protection laws, which may increase Adwell's cost of compliance. Even though Adwell has taken reasonable steps to protect its data and that of its customers, a breach in Adwell's information security may still adversely affect Adwell's reputation and also result in fines or penalties from government authorities.

Digital Health business

The Company is starting up a new business venture (ATMC) outside of Canada and as such the new venture is subject to risk factors such as market availability, supply continuity, and foreign exchange fluctuation. The Company has devoted both financial and human resources into this new venture and has recruited a management team with good local market experience to operate the business. But management is obliged to note that the risks from additional sanctions levied by the Canadian and U.S. governments on China could materially impact Company's business in Hong Kong and Macau.
